

OFFICIAL DISPATCH

VIA: SPECIFY AIR OR SEA ROUTE

DISPATCH NO. MAV-A-1619
(SLA/MAV)

CLASSIFICATION

TO : Chief, Foreign Division H.

DATE: 15 December 1944

FROM : Chief of Station, Vienna

ATTN: 2

SUBJECT: GENERAL

SPECIFIC: Hungarian Operations

REF: MAV-A-1619 and 1601; MAW-5712

1. Your outline regarding Hungarian operations was greatly appreciated. From the reference memoranda we gather that further clarification of the procedure to follow seems to be necessary. We fully agree with you that the best method is to find a principal agent who would make the initial trip into Hungary to establish the necessary contact there. Thus far, we failed to find an agent who has adequate contacts inside Hungary, and who would be willing to return to establish the initial contacts—that is to say, an agent who, in addition to having the courage, intellect and contacts inside Hungary, would also be discreet and whose loyalty is not tied to intelligence groups controlled by others or, at least, where he would stand a fair chance that his loyalty could be weaned away, and over whom we would have some control.

2. An agent should be located among:

a. Hungarian refugees in western Europe.

b. Businessmen travelling between Hungary and western Europe.

c. Hungarian officials travelling between Hungary and western Europe.

3. 2a. GROUP A:

The Hungarian refugees in western Europe are divided into three groups:

(1) refugees who fled the invading Soviet forces and remained after the second World War in western Europe.

(2) refugees who fled after the beginning of communist repression and have been arriving in the West in a steady stream since May 1947.

(3) A small number of refugees who have yet to be repatriated.

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Group (1) consists mainly of former career officers, public servants, Right Wing politicians and Arrow Cross elements—who, because of their former activities in Hungary, would be subject to persecution. Inasmuch as French occupation forces were most tolerant toward this group, they gathered in the French zone of occupation and their most able leader, Ferenc KISBARTAKI-FARKAS, soon established contact with Gen. E. THOUVENOT through Hungary. KISBARTAKI-FARKAS, the latter saved Gen. E. THOUVENOT and his family in Belgium so that from being imprisoned by the Germans. Due to the fact that France was not formally at war with Hungary and, probably, also because of the friendship between Gen. E. THOUVENOT and KISBARTAKI, French authorities consistently refused to extradite Hungarian "war criminals" and thereby saved Gen. KISBARTAKI-FARKAS and many others from persecution. KISBARTAKI-FARKAS lost no time in organizing the Hungarian refugees. With his long-time chief of staff, Gen. K. KOROSZ, they formed the KOROSZ movement—an anti-Bolshevik group which soon began an active network in Hungary and aligned itself primarily with the French BDO to gain financial support for its activities.

We do not wish to repeat the facts well known to you regarding KISBARTAKI-FARKAS, ZAKO and KOROSZ, and mentioned the above merely to point out one important fact -- that their loyalty belongs primarily to the French and, because the French practically saved their lives and were the first to recognize their status and give them support, it cannot be hoped that their loyalty could now be won by the U.S.. All three men are able organizers and experienced in intelligence work. They first drafted into their organization probably every former Hungarian soldier in the western zones with experience in intelligence work; then, almost all of the former Hungarian Army veterans in the West, and are now keeping a tight rein on their activities. Unfortunately for us, they have control of the hardest element among the Hungarian refugees, and we have little hope that a principal agent could be found in this group who would not at the same time inform his old comrades and thereby channel the material obtained to other I.S. services.

Group (2) consists mostly of weaker elements who sought to find a modus vivendi in Hungary, but found that it could not be bought with concessions, and fled. These new arrivals look to the established old refugees for counsel and support and back to win recognition as non-collaborators and anti-communists by attempting assistance into their organizations. These new arrivals have the advantage of being more familiar with the current Hungarian situation, and possibly also have better contacts among present-day Hungarian officials. However, most of them are fear-stricken. We are trying to locate an acceptable principal agent within this group, and have placed [] on the IUS screening test in Salzburg for this purpose. Although an acceptable principal agent has been spotted so far, we have collected addresses of persons [] from refugees and defectors who would be contacted and sounded out regarding their willingness to cooperate, and possibilities. This could eventually be done through couriers and, for this reason, we are reporting on potential courier-candidates. Following are some individuals in Hungary who can be sounded out through couriers:

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Bernie GYORFFY, recommended by Viller (see HAVA-4030)

PATAY, recommended by Grindelia (see HAVA-4155)

Laver RABONY, recommended by Grindelia (see HAVA-4155)

In addition to the above, we have collected names and addresses in Hungary of Hungarians of good judgment with whom contact will be sought at a later date. There was no reason to write or even visit an individual in Hungary whom we contemplate approaching, without first knowing whether he is willing to cooperate with his friends here. It is our belief that a personal letter from the individual here to his recommended contact in Hungary would protect the courier from being denounced by the contact; and subsequently the courier could turn over to the contact a short brief similar to the one mentioned in HAVA-3374:

Group (3) consists of a small number of Hungarian refugees who could be repatriated and among whom a potential agent may be found. Such a man could eventually be found in a Hungarian student or youth organization now in the West. To serve this pool, we intend to enlist an additional agent whose PCF will be forwarded shortly.

4. Rec group b:

We are attempting to spot a qualified businessman by watching the censorship intercepts business correspondence, and by trying to learn, through Austrian police channels, the names of businessmen applying for Hungarian visas.

5. Rec group c:

Detectors occasionally are able to finger out other Hungarian officials ready to defect, as was the case of Andreu SAL. Here again, contact can only be established in case the potential defector travels in western Europe, or through a courier, if he is not expected to leave Hungary within a reasonable time.

6. Therefore, we recommend:

a. That we continue to stay clear of persons who are suspected of having other intelligence contact unless we believe that their loyalty could possibly be secured to serve us exclusively.

b. In the absence of an acceptable principal agent willing to personally establish basic contact, we attempt to sound out potential agents inside Hungary, via couriers and enlist a few couriers soonest.

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ZAKO

1. HUNGARIAN EMIGRE POLITICS.

The following C-3 information was obtained from a confidential USFA informant who is a Hungarian monarchist refugee well known to Otto von HABSURG.

On 25 October 1949 Informant received a letter from Otto asking him to come to Paris to give his opinion on the activities of certain Hungarian refugees living in the French and US Zones of Austria, who had expressed their dissatisfaction with the activities of the Hungarian Committee in New York. These individuals were attempting to form a "Counter" Committee under the leadership of Otto.

Informant arrived in Paris on 5 November 1949. He went immediately to Otto's apartment on 16 Rue de l'Elysee. He was immediately taken to Otto, who told him that he had received a visit from one Dr. Miklos LAZAR, living at Steyr, Land Upper Austria, who had proposed to Otto the organization of a new Hungarian Committee under Otto's leadership and with the support of the French Ministry of Foreign Affairs. Also with LAZAR were General Andres ZAKO, living in ENNSRUCK, former Captain Miklos KOPONAY, and Count Jozsef PALFFY.

Informant allegedly told Otto that, since he (Otto) enjoys asylum in the United States, and since so much has been done for Hungarians by the US Government, it would neither be advisable nor fair to associate with people of dubious background who in no way represent the best interests of the Hungarian emigres. Otto directed Informant to return to the US Zone of Austria, contact prominent Hungarian personalities like Istvan BARANKOVICS, and inform them that should anyone pretend to be acting on behalf of Otto, that person should be told that his claim was not true and that Otto would not lend his name to any new Hungarian refugee organization.

Additional C-3 information was obtained from a Hungarian businessman who recently returned to Salzburg from an extended business trip in France, Switzerland and Germany.

This Informant states that between 4 and 12 November 1949 a group of Hungarian refugees from the French and US Zones of Austria went to Paris to confer with Otto von HABSURG and with high-ranking personalities of the French Ministry of Foreign Affairs and the French General Staff. This group was headed by former Hungarian General ZAKO, wartime Hungarian Intelligence chief. Other members of

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this group were Captain Liklos KOPONAY and Dr. Miklos LAZAR, formerly owner of the Hungarian liberal newspaper "A Reggel" (The Morning), a rather questionable publication. According to unconfirmed information, LAZAR made his living by accepting bribes for not publishing compromising articles. Purposes for ZAKO's visit to Paris were as follows:

a. To convince liberal and conservative circles in Paris that he and his followers do not pursue an extreme rightist policy. ZAKO attempted to prove this through the presence of the liberal LAZAR, allegedly his political advisor. LAZAR later stated to French officers that he was the liaison man between the Americans and ZAKO, that he has contacts in high American military and intelligence circles, and that the Americans favor ZAKO as the future leader of a possible refugee army.

b. To establish a closer contact with Otto and to gain his support in a possible struggle against the Hungarian Committee in New York.

c. To confer with the French General Staff concerning the use of ZAKO and his organization in the French Intelligence Service. ZAKO emphasized to the French that Hungary and France had never had a war, since no official declaration of war took place. ZAKO also reminded the French that with his help many former Hungarian gendarmerie officers had joined the French Foreign Legion, and requested that these Hungarian officers be assigned to special units which, in the event of war, should be placed under his command. ZAKO allegedly obtained from the French the assurance that he would very soon receive the sum of three million francs, which is to be used in the expansion of French intelligence activities in Hungary and the rest of Europe.

It is further reported that ZAKO and his friends contacted Lajos HAJDU-NESETH, a former member of the Hungarian parliament, who was recently appointed by the Hungarian Committee in New York as their European representative in military matters. ZAKO attempted to prove his good intentions to HAJDU-NESETH, who was at first reluctant to listen to him but later allegedly changed his attitude.

USFA COMMENT: Further activities of personalities mentioned above will be reported as received.

Distribution:

1 LA Budapest	1 LA Paris
1 Am. Leg. Budapest	5 State Dept. (Am Leg Vienna
1 Am. Leg. Vienna	please pass to State)

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